



Committee on Finance and the Northampton City Council

*Councilor Gina-Louise Sciarra, Chair
Councilor Marianne LaBarge, Vice Chair
Councilor Michael J. Quinlan, Jr.
Councilor John Thorpe*

On-line Zoom Meeting

Meeting Date: November 19, 2020

Note: The Finance Committee Meeting took place during the City Council Meeting as announced. The City Council Meeting began at 7 p.m.

1. **Meeting Called To Order:** At 8:24 p.m., Councilor Sciarra called the meeting to order.
2. **Roll Call:** Present were committee members Gina-Louise Sciarra (Chair), Marianne LaBarge (Vice-Chair), Michael J. Quinlan, Jr. and John Thorpe. Also present from the City Council were William H. Dwight, Alex Jarrett, Karen Foster, Rachel Maiore and Jim Nash.
3. **Approval of Minutes of October 15, 2020**
Councilor LaBarge moved to approve the minutes of October 15, 2020. Councilor Thorpe seconded. The motion passed unanimously 4:0 by roll call vote.
4. **Financial Orders**
 - A. **20.151 An Order to Establish a Tax Classification for FY2021**
Councilor Sciarra read the order.

Councilor LaBarge moved to forward the order with a positive recommendation. Councilor Thorpe seconded.

When he first came on the council, discussion of splitting the rate came up, principally because the appeal was that residents wanted to see their taxes go down and to have a greater burden borne by commercial property owners in Northampton, Councilor Dwight recounted. To be perfectly honest, he thought this was a good idea. He was disabused of that thought pretty quickly when someone reminded him of his home town Holyoke's situation. There are two distinctive communities in this valley – Holyoke and Longmeadow – Holyoke still has the highest commercial tax rate in the state and Longmeadow has the highest residential rate. When he was growing up it was on the wane, but at the same time, Holyoke was an industrial power system and was all mills. Northampton has proven its resiliency as the economy changes and adapts. Northampton always had the flexibility, diverse resources and a single tax factor; Holyoke did not. When things were going great in the factories, Holyoke residents enjoyed a relatively low tax rate while at the same time enjoying the benefits of a good revenue stream. But when those businesses moved out, they

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were left with a political dilemma because it required someone to run on the platform of raising peoples' taxes. "You haven't seen anyone run on that platform in Holyoke and you're not likely to."

The same is true in other communities like Lowell and Lawrence. They are now in another flux situation; the economy is in a seismic shift. It was moving that way before COVID but COVID has kind of exacerbated and sped up the whole process exponentially. On line sales were problematic for small brick and mortar stores and most don't own the properties they're in. Any tax increase assessed to their landlords would be passed onto them. Their viability is actually in this interesting way due to the fact that they have maintained this parity. He brings this up in the absence of a debate but, in years past, every year the discussion has come up. He wanted to share his personal process of why he came to see the value of the factor of one.

Longmeadow has all residential properties with very high valuations and a very high tax rate. Northampton's tax rate is the lowest of the comparable communities. If you go by social media, Northampton is more expensive than anywhere else. It is simply not so. At the same time, he does acknowledge the increased demand on housing and all properties other than commercial in the community has created an affordability issue that seems almost insurmountable and is distressing and actually creates some of their bigger woes. That is something they are all devoted to doing what they can to correct. The mayor, finance director and councilors have done laudably. He will continue to support the factor of one.

Councilor Nash thanked Councilor Dwight for his annual factor of one speech. It really helps frame their discussion. He's going to be supporting the factor of one. It came up the other day while he was canvassing for the plastic reduction ordinance. He had a lively discussion with one business owner. The request was for tax relief from the city. His response was, "Hold it, you have the lowest commercial rate in the valley thanks to the factor of one that we have."

One of the ways to support the business community right now is by maintaining this factor of one. It is one of those baseline ways they are supporting them. This is one of those foundation business things people look at when starting a business and investing in Northampton. He's going to be supporting this.

Councilor LaBarge said she agreed with Councilor Dwight. On council at one point it was brought up about the split. They listened and it was not supported. She is supporting staying with the factor of one. They need to look at their city and look at their businesses. "Right now things are not good out there. I'm going to support this," she concluded.

Councilor Jarrett noted that the tax rate on its own doesn't mean much; it's only when it's multiplied by the actual values that it gives the real burden. Next year with the potential for rapidly rising residential values, maybe they will need to consider a different factor. This year he doesn't see a good argument for it. He wanted to express frustration with the limitations the state has given them. None of the exemptions are really appropriate for them. If, for example, they could take income into account they could have a progressive tax rate for their property tax or, if the residential exemption could take renters into account so landlords would not have to pay the higher tax rate for those renters who lived at their primary residence, then they could shift the burden onto those with second homes. But none of those are options. It could be worth discussing state-level legislation and supporting changes there for the future.

Councilor Dwight said he quite agrees with Councilor Jarrett except on one point. He doesn't think property tax by its very nature is progressive. It is a regressive taxation system and structure. His annual plea has been to establish a fair and progressive income tax and shift the burden from property taxes. A community

with a depressed economy has substandard school systems and they see these consequences. Adjusting it with exemptions would be great. Adjusting it and fixing it good and proper would be better.

Councilor Jarrett said he thinks they're in agreement. He was saying if they could take income into account, then those with higher incomes could pay a higher property tax. It's sort of a back door way of making it progressive. He'd rather have a progressive income tax for sure.

Councilor Maiore acknowledged for everyone watching that they all know it's an imperfect year with a lot of anxiety and everyone's feeling the pinch, commercial and residential. She said she wanted to take a moment to commend the mayor for thoughtfully and effectively delaying the override during this time.

The motion passed unanimously 4:0 by roll call vote.

5. **New Business**

None.

6. **Adjourn:** There being no further business, Councilor Quinlan moved to adjourn. Councilor LaBarge seconded. The motion carried on a roll call vote of 4 Yes, 0 No. The meeting adjourned at 8:38 p.m.

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